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RUEHNE/AMEMBASSY NEW DELHI 3506
RUEHLO/AMEMBASSY LONDON 8276
RUEHML/AMEMBASSY MANILA 2999
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SUBJECT: GOP ANNOUNCES ENERGY CONSERVATION STRATEGY

1. (SBU) SUMMARY. The Government of Pakistan has drafted an energy conservation strategy to gain short and long term increases to Pakistan's national grid. With current energy shortfalls of up to 4500 mega-watts per day, impacting all regions of the country, Pakistan desperately needs to make changes to spur efficiency. USAID will launch a USD 30 million/ 3 year program in October 2008 which will assist with implementation of the proposed measures. END SUMMARY.

2. (SBU) Deputy Chairman of Pakistan's Planning Commission Mr. Salman Faraqui shared Pakistan's Energy Conservation strategy with EconOffs. Proposed steps include switching over to energy saver bulbs, use of solar energy for bill boards and neon signs, reduction in transmission and distribution losses, converting to daylight savings time and staggering of the traditional "weekly holiday," early closure of commercial establishments at 9:00 PM. Other steps include implementing energy efficient building codes in 2009 and implementing efficiency standards for electric appliances. The GOP proposes to form an "Energy Services Company" to undertake energy conservation measures in the public and private sectors. The GOP also proposes to pass an Energy Conservation Act reportedly approved by the late Benazir Bhutto.

3. (SBU) Efficient Lightbulbs: Hoping to save 500 MW, incandescent bulbs will be replaced by energy saver bulbs. Pakistan Electric Power Company (PEPCO) will import 10 million bulbs through international competitive bidding and distribute the bulbs with PEPCO meter readers going door to door. The GOP estimates that the program cost will be recovered from consumers in 6 monthly installments through increases in electricity bills. The World Bank will reportedly pay for the initial procurement of the bulbs.

4. (SBU) Domestic Lightbulb Production: Incandescent bulbs will be phased out over the next 5 years. The GOP plans to ban imports and withdraw tariff concessions to local manufacturers of the traditional incandescent bulbs. The import of compact fluorescent light bulbs (CFL) will be duty free until domestic manufacturing of high quality CFLs is established. Existing mercury streetlights are to be replaced by more efficient bulbs.

5. (SBU) Reducing Consumption: Proposals also call for billboards and neon signs to be converted to solar panels within two years and will be switched off nightly at 10:00 pm. Banquet halls and marriage halls will be allowed only minimal electricity, all public buildings will be without air-conditioning till 11:00 am and all new construction will be required to use solar water heaters.

6. (SBU) Reducing Losses: The plan proposes to reduce transmission and distribution losses by dividing the country into 150 zones. Each zone will be required to publish quarterly figures of electricity shipped and billed. Zones with less than 10 percent

technical losses will be recognized and rewarded but the other zones will be placed under "enforcement directorates" for closer monitoring.

¶17. (SBU) Daylight Savings Time: To maximize the use of daylight, the GOP switched to daylight savings time and advanced by one hour on June 1. In order to level out the power demand over the course of a typical week, the GOP is proposing to stagger the "weekly holiday" with shopping center closures recommended on Friday, the traditional shopping day, rather than Sunday. The GOP plan further proposes that commercial centers close at 9:00 PM every day.

¶18. (SBU) Building Codes: Effective January 2009, all commercial and industrial facilities as well as larger homes must be built according to a "Building Energy Code" which will include technical specifications to conserve energy and solar designs. Electric appliances are also expected to meet minimum efficiency standards starting in January 2009.

¶19. (SBU) Energy Audits: The GOP has also proposed the formation of Energy Saving Companies (ESCOs) to conduct energy audits of public and private sector installations. The ESCOs will charge a percentage of the savings as their fee. The GOP also proposes to pass an Energy Conservation Act to provide legal backing to the conservation measures.

¶10. (SBU) Comment: The Energy Conservation and Energy Efficiency component of USAID's USD 30 million/3 year Pakistan Energy Development Program (PEDP) will provide technical support and project assistance to support and further refine the Planning Commission's strategy. The USG currently favors interventions that

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address rationing, ESCOs, grid losses, and public information campaigns but the final program areas will be determined by PEDP based on their estimation of the amount of energy conserved and coordination with other donors. USG support for these measures will begin in October 2008. End Comment.

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